

Message Text

LIMITED OFFICIAL USE

PAGE 01 JIDDA 00281 141534Z

70

ACTION EB-07

INFO OCT-01 EUR-12 NEA-10 ISO-00 CAB-02 CIAE-00 COME-00

DODE-00 DOTE-00 INR-07 NSAE-00 FAA-00 XMB-02 M-01

SP-02 AID-05 NSC-05 CIEP-01 TRSE-00 SS-15 STR-04

OMB-01 CEA-01 L-03 /079 W

----- 094442

R 141215Z JAN 76

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC 3366

INFO AMEMBASSY ATHENS

AMEMBASSY BEIRUT

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

FAA BRUSSELS

LIMITED OFFICIAL USE JIDDA 0281

ATHENS PLS PASS TO BOEING'S LEE WEIDNER

PARIS PLS PASS TO LOCKHEED'S ROBERT CONLEY

DEPT PLS PASS COMMERCE FOR COHEN, HALE AND R. MYERS; EXIMBANK

FROM RCAA DWOR

E.O. 11652: N/A

TAGS: BEXP, EAIR, EFIN, ETRD, SA, XF, APER, AMGT

SUBJECT: SAUDIA FLEET EXPANSION AND RE-EQUIPMENT

REFS (A) 75 ROME 18490, (B) 75 ROME 18027, (C) 75 ROME 18884,
(D) ROME 0370 (NOTAL), (E) 75 JIDDA 8363, (NOTAL)

1. SUMMARY: SAUDI ARABIAN AIRLINES (SAUDIA) BOARD OF
DIRECTORS IN MEETING RIYADH JANUARY 12 HAS APPROVED AIR-
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 JIDDA 00281 141534Z

LINE'S ACQUISITION TWO NEW LOCKHEED-CALIFORNIA L-1011-1

TRISTARS AND FOUR NEW BOEING ADVANCED 737-268 TWINJETS;; VALUED AT TOTAL \$108 MILLION INCLUDING SPARES, FOR DELIVERY 1976. SECOND BOARD OF DIRECTORS MEETING RIYADH FEBRUARY 15 EXPECTED TO APPROVE ADDITIONAL ACQUISITIONS FOUR NEW BOEING 707-368C'S, ONE NEW BOEING 747-268F FREIGHTER, ONE NEW BOEING 747SPVIP (FOR KING KHALED), AND ONE NEW BOEING ADVANCED 737-268 TWINJET AT TOTAL \$180.5 MILLION INCLUDING SPARES, ALL FOR DELIVERY 1977, WITH EXCELLENT POSUIBILITY FURTHER APPROVAL ACQUISITION TWO NEW LOCKHEED L-1011-200/250 TRISTARS VALUED AT \$75 MILLION INCLUDING SPARES, ALSO FOR DELIVERY 1977. SAUDIA'S FLEET PLAN, BEYOND 1977 DELIVERY DATES, ALSO TENTATIVELY PROVIDES FOR TWO ADDITIONAL BOEING 747-268F FREIGHTERS, FIVE ADDITIONAL LOCKHEED L-1011-200-250 TRISTARS, AND FIVE ADDITIONAL BOEING ADVANCED 737-268 TWINJETS AT TOTAL VALUE \$329 MILLION INCLUDING SPARES FOR DELIVERY 1978, 1979, AND 1980. SAUDIA REQUIREMENTS 1976-1979 THEREFORE SHOULD TOTAL MINIMUM OF \$692 MILLION. END SUMMARY

2. RCAA DWOR AND EMBASSY ECONOMIC OFFICER LAROCCO, IN SERIES CALLS SAUDIA SENIOR STAFF JANUARY 12 AND 13, HAVE BEEN INFORMED AIRLINE'S BOARD OF DIRECTORS, IN MEETING RIYADH, JANUARY 12, APPROVED THE AIRLINE'S ACQUISITION OF SIX NEW AIRCRAFT VALUED AT \$108 MILLION FOR DELIVERY 1976. ADDITIONALLY, THE AIRLINE'S BOARD WILL AGAIN CON- VENE RIYADH FEBRUARY 15 TO PROBABLY APPROVE THE AIRLINE'S ACQUISITION OF SEVEN TO NINE ADDITIONAL NEW AIRCRAFT VALUED AT \$180.5 MILLION TO \$255.5 MILLION FOR DELIVERY 1977. SAUDIA'S NEWLY REVISED FLEET PLAN, ALSO TENTATIVELY PROVIDES FOR TWELVE FURTHER NEW AIRCRAFT VALUED AT \$329 MILLION FOR DELIVERY 1978, 1979 AND 1980. NEED FOR QUANTUM INCREASE IN SAUDIA CAPACITY TRIGGERED BY RAPID TRAFFIC GROWTH AND STRONG LOAD FACTOR PRESSURES ON EXISTING CAPACITY, WITH A FORECAST OF A 213 PERCENT INCREASE IN SCHEDULED PASSENGER TRAFFIC AND A 600 PERCENT INCREASE IN SCHEDULED CARGO TRAFFIC 1980 OVER 1975. ACTUAL PRELIMINARY 1975 TRAFFIC DATA SHOWS SAUDIA PASSENGER TRAFFIC UP 45 PERCENT AND CARGO TRAFFIC UP 40 PERCENT OVER 1974 WITH OVERALL 1975 SYSTEM REVENUE PASSENGER LOAD FACTOR AT UNACCEPTABLY HIGH (TURNED-AWAY PASSENGERS) 74 PERCENT. DETAILS FOLLOW. LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 JIDDA 00281 141534Z

3. BOARD MEETING RIYADH - JANUARY 13, 1976.

A. BOARD APPROVAL GRANTED TO ACQUIRE TWO NEW LOCK- HEED L-1011-1 TRISTARS, VALUED AT \$70 MILLION INCLUDING SPARES AND L-1011-200 UPGRADING MODIFICATION COSTS, FOR DELIVERY JUNE 1, 1976, BUILDING SAUDIA TRISTAR FLEET TO SIX, INCLUDING AIRCRAFT ON ORDER. VENDOR IS TWA, WHICH RENDERED DECISION TO SELL RATHER THAN TAKE DELIVERY OF

THE AIRCRAFT FROM LOCKHEED-CALIFORNIA'S PALMDALE PRODUCTION FACILITY. BOTH L-1011-1'S WILL BE MODIFIED TO L-1011-200 STANDARD (GROSS WEIGHT INCREASED FROM 430,000 POUNDS TO 466,000 POUNDS, CENTRE-WING FUEL TANKS, STRENGTHENED LANDING GEAR, RE-ENGINEING FROM PRESENT 42,000 POUNDS THRUST RB 211-22B'S TO 48,000 POUNDS THRUST RB 211-524'S BY JUNE AND JULY 1977).

B. BOARD APPROVAL GRANTED TO ACQUIRE FOUR NEW BOEING ADVANCED 737-268 TWINJETS VALUED AT \$38 MILLION INCLUDING SPARES, FOR DELIVERY OCTOBER, NOVEMBER, DECEMBER 1976, BUILDING SAUDIA ADVANCED 737-268 TWINJET FLEET TO FOURTEEN, INCLUDING AIRCRAFT ON ORDER.

4. BOARD MEETING RIYADH - FEBRUARY 15, 1976.

BOARD CONSIDERATION SOUGHT BY AIRLINE TO APPROVE FLEET PLAN AND FOLLOWING AIRCRAFT ACQUISITIONS FOR DELIVERY 1977:

A. FOUR NEW BOEING 707-368C'S VALUED AT \$76 MILLION INCLUDING SPARES, BUILDING SAUDIA 707-368C FLEET TO TEN (PLUS TWO ALL-CARGO 707-373C'S).

B. ONE NEW BOEING 747-268F FREIGHTER VALUED AT \$45 MILLION INCLUDING SPARES, PROBABLY POWERED BY ROLLS ROYCE RB 211-524B ENGINES OF 50,000 POUNDS THRUST.

C. ONE NEW BOEING 747 SP (SPECIAL PERFORMANCE) VIP/SAM AIRCRAFT PROBABLY POWERED BY ROLLS ROYCE RB 211-524B ENGINES, AND EARMARKED FOR USE HM KING KHALED, VALUED AT \$50 MILLION.

D. ONE NEW BOEING ADVANCED 737-268 TWIN-JET VALUED AT \$9.5 MILLION INCLUDING SPARES, BUILDING SAUDIA ADVANCED 737-268 TWIN-JET FLEET TO FIFTEEN.

3. PROBABLY TWO NEW LOCKHEED L-1011-200/250 TRISTARS VALUED AT \$75 MILLION INCLUDING SPARES, POWERED BY ROLLS ROYCE RB 211-524 ENGINES OF 48,000 POUNDS THRUST, BUILDING LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 JIDDA 00281 141534Z

SAUDIA TRISTAR FLEET TO EIGHT.

5. BEYOND PLANNED AIRCRAFT ACQUISITION FOR DELIVERY 1976 AND 1977, SAUDIA FLEET PLAN PROVIDES FOR FOLLOWING ADDITIONAL AIRCRAFT ACQUISITION FOR DELIVERIES BETWEEN 1978-80.

A. TWO BOEING 747-268F FREIGHTERS VALUED AT \$90 MILLION FOR DELIVERY 1978 AND 1980, BUILDING SAUDIA 747-268F FLEET TO THREE.

B. FIVE LOCKHEED L-1011-200/250 TRISTARS VALUED AT \$190 MILLION INCLUDING SPARES, FOR DELIVERY 1979 (THREE AIRCRAFT) AND 1980 (TWO AIRCRAFT) BUILDING SAUDIA TRISTAR FLEET TO THIRTEEN.

C. FIVE BOEING ADVANCED 737-268'S VALUED AT \$49 MILLION INCLUDING SPARES, FOR DELIVERY 1978 (ONE AIRCRAFT), 1979 (TWO AIRCRAFT) AND 1980 (TWO AIRCRAFT), BUILDING

SAUDIA ADVANCED 737-268 FLEET TO TWENTY.

6. DURING ELEVEN YEAR PERIOD 1965-1975, SAUDIA ACQUIRED
25 JET TRANSPORTS VALUED AT \$342 MILLION INCLUDING SPARES,
WTIH U.S. MARKET SHARE 100 PERCENT. PROSPECTS SAUDIA
REQUIREMENT NEW U.S. JET TRANSPORT FOUR-YEAR PERIOD
1976-1979 SHOULD TOTAL MINIMUM OF \$692.5 MILLION WITH
ACCELERATING SAUDI ARABIAN ECONOMY AND SAUDIA TRAFFIC
POSSIBLY PUSHING FOUR-YEAR TOTAL TO \$800.0 MILLION.

7. DETAILED AIRGRAM SAUDIA LINES OF DEVELOPMENT FOLLOWS
SHORTLY.
HORAN

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GOVERNMENT PROCUREMENT, AIRCRAFT SALES
Control Number: n/a
Copy: SINGLE
Draft Date: 14 JAN 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976JIDDA00281
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760014-0307
From: JIDDA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760159/aaaacaeb.tel
Line Count: 182
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 ROME 18490, 76 ROME 18027, 76 ROME 18884
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 29 MAR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <29 MAR 2004 by KelleyW0>; APPROVED <20 APR 2004 by morefirh>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SAUDIA FLEET EXPANSION AND RE-EQUIPMENT
TAGS: BEXP, EAIR, EFIN, ETRD, APER, AMGT, SA, XF
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006